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**TEES VALLEY COMBINED AUTHORITY  
AUDIT AND GOVERNANCE COMMITTEE**

**Cavendish House, Teesdale Business Park, Stockton-On-Tees TS17 6QY  
Wednesday 29<sup>th</sup> March 2017 at 15.30pm**

**MEETING**

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ATTENDEES

Members

|                              |                                    |       |
|------------------------------|------------------------------------|-------|
| Cllr Barry Woodhouse (Chair) | Stockton on Tees Borough Council   | SBC   |
| Cllr Nicola Walker           | Middlesbrough Borough Council      | MBC   |
| Cllr Christopher Massey      | Redcar & Cleveland Borough Council | R&CBC |

Apologies for absence

|                            |                            |     |
|----------------------------|----------------------------|-----|
| Cllr Stephen Akers-Belcher | Hartlepool Borough Council | HBC |
| Cllr Stephen Harker        | Darlington Borough Council | DBC |

Officers

|                |                           |      |
|----------------|---------------------------|------|
| Andrew Lewis   | Managing Director TVCA    | TVCA |
| Garry Cummings | Chief Finance Officer     | TVCA |
| David New      | Senior Finance manager    | TVCA |
| Andrew Barber  | Senior Audit Team Manager | SBC  |
| Andy Bryson    | Finance Manager           | SBC  |
| Sharon Jones   | Scrutiny Officer          | TVCA |

Also in Attendance

|                |                |               |
|----------------|----------------|---------------|
| Mark Kirkham   | Partner        | Mazars<br>LLP |
| Gareth Roberts | Senior Manager | Mazars<br>LLP |

**AGC    DECLARATIONS OF INTEREST**

**01/17**

There were no interests declared.

**AGC    APPOINTMENT OF CHAIR**

**02/17**

Councillor Barry Woodhouse was appointed as Chair for this meeting

**AGC  
03/17**      **TERMS OF REFERENCE**

The Managing director explained that the Combined Authority Audit & Governance Committee has been established to look at both Audit and standards issues.

It was explained that following the Mayoral election in May the Committee will be reappointed in line with the new Constitution and Legislation, and that there will be a requirement for the Committee to be politically balanced. Based on the current political balance across the Tees Valley, the Committee will require four Labour members and one Conservative member. There will also be two independent members appointed, one to provide advice in relation to standards matters and one to assist the Committee in the discharge of its financial functions

Discussion took place on the following topics:

- Whether executive members can serve on the Committee under the new Constitution – the Constitution does not state that the Committee should be non-executive members only. The legislation for the committee will need to be checked for clarity.
- “powers available to the Committee” – these are mentioned in paragraph 8 of the terms of reference and need to be clarified further
- Complaints – it was explained that the complaints procedure is documented on the Combined Authority website for anyone who may wish to use this. There is a set procedure in place and the monitoring officer would determine if the Audit and Governance Committee would need to meet to discuss a complaint received by the Combined Authority

Resolved that:

1. The terms of reference are noted by the Committee
2. There is nothing written in the Constitution or Legislation to state that executive members of constituent authorities cannot serve on the Audit and Governance Committee
3. Clarification will be provided regarding the “powers” of the Committee and what options lie within these powers

**AGC  
04/17**      **EXTERNAL AUDIT ROLE**

The role of the external auditors was explained to the Committee. The Audit plan that is being prepared by Mazars LLP as the external auditor is almost complete and this will be shared at the next meeting. There are currently no issues at this stage that need to be addressed.

Discussion took place around the following areas:

- Approaching external auditors – Mazars confirmed they are happy to be approached by members with questions if necessary. Internal Audit would also be more than happy to assist with any member questions
- The Framework within which external audit operate and their consideration of materiality.

Resolved that the role of External Audit is noted

**AGC  
05/17**      **INTERNAL AUDIT PROGRESS REPORT**

Consideration was given to a report regarding the Internal Audit section and the progress made against the Audit Plan 2016/17

A plan of work was agreed at the start of the year and an Audit Charter drawn up. Services delivered to the Combined Authority are in line with this charter and all areas are currently showing full or substantial assurance.

It was explained that the current processes followed are Stockton Borough Council's processes and that future audit will be more extensive with much larger sums of money to be considered.

Discussion took place around the details of the report and it was requested that future documents provide explanations of audit recommendations so that members understand where there is a risk, what has been done to mitigate this and progress made.

Resolved that all future reports will contain explanations of audit recommendations and respective progress

**AGC  
06/17**      **INTERNAL AUDIT CHARTER AND AUDIT PLAN**

Consideration was given to a report regarding the Internal Audit Charter and the proposed Audit plan for 2017/18

Resolved that:

1. The Committee approves the Internal Audit Charter,
2. The Committee approves the proposed Audit plan for 2017-2018
3. The Committee notes the indicative strategic Audit Plan for 2018-2022

**AGC  
07/17**      **TREASURY MANAGEMENT STRATEGY**

Consideration was given to a report regarding the Treasury Management Strategy approved by the Combined Authority Board in April 2016. It was advised that the Treasury Management Advisors for the Combined Authority were changed in January 2017 following a competitive tender process, the new advisors are Arlingclose

Discussion took place around Combined Authority Investments and the return on these. It was explained that moving forward the Combined Authority will be looking at potential longer term/higher interest investments and better ways to maximise returns on investments. It was also explained that the Combined Authority currently has no borrowing and the Government order providing the powers is not expected to be place until the autumn.

Resolved that the report be noted and a copy of the Investment plan be circulated to the Committee for their information.

**AGC  
08/17**      **MANAGEMENT OF RISK**

A presentation was delivered by the Managing Director covering the management of risk in the current financial year.

Discussion took place around the following areas:

- EU funding. The government has guaranteed funding commitments entered into up to the point of Brexit, and this has allowed the Tees Valley's European programme to continue as planned. There is however uncertainty as to what will happen after April 2019 with regard to any replacements for EU funding
- Political Decision-Making – In response to a question from a member, the Managing Director described the process for collective decision-making through the Tees Valley Combined Authority constitution. The Mayor, once appointed, will have powers to make proposals, and must be in the majority for decisions, to be agreed by the Combined Authority Cabinet. A majority of leaders can also reject or amend the Mayor's budget. The new constitution seeks to avoid the risk of stalemate in decision-making as much as possible, but it is recognised that some risk remains.

Resolved that the content of the presentation be noted

**AGC  
09/17**      **WORK PROGRAMME**

Consideration was given to a draft work programme for the Committee

Resolved that the Work Programme is agreed.

**DATE OF NEXT MEETING**

The date of the next meeting is to be agreed